

The Deputy Secretary of Energy

Washington, DC 20585

September 20, 2007

MEMORANDUM FOR HEADS OF DEPARTMENTAL ELEMENTS

FROM:

CLAY SELL

SUBJECT:

Changes to Senior Executive Service (SES) Performance

Management System for FY07

While we have made excellent progress in the last two years ensuring that only our best performers are given the highest ratings, it appears that we have not rewarded them adequately. The Office of Personnel Management's recent comparison of SES performance based bonuses indicated that DOE's average bonus amount is much lower than those of other Federal agencies.

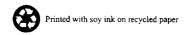
In order to attract and retain top level SES and make DOE an employer of choice, a new performance based bonus structure will be implemented this year (FY 2007). This is a change from recently published appraisal information and is effective immediately.

The new bonus plan increases the bonus percentage for SES employees receiving an "Outstanding" rating and institutes a greater distinction between the bonuses for "Outstanding" and "Meets Expectations" ratings. SES rated as "Outstanding" must receive a mandatory 12-20% bonus; SES rated as "Meets Expectations" may be granted a discretionary 5-9% bonus or no bonus; and individuals with Needs Improvement or Unsatisfactory ratings cannot be given any bonus.

Rating	Outstanding	Meets Expectations	Needs Improvement	Unsatisfactory
Bonus	Mandatory 12 – 20%	Discretionary 5 – 9%	None	None

As a result of this change, the size of the SES bonus pool will increase from 5% to 7% of the total salary of career SES in your organization. There will be no Secretarial reserve. The distribution of the pool remains at your discretion.

This is the first year for the use of the new SES appraisal form. It now includes a section that requires written input from the rating supervisor on the performance of the SES member and that member's contribution to your office's mission. This evaluation should be honest, concise, and specifically identify the goals accomplished, problems solved, successful leadership actions, etc., that best reflect the level of effort and



success of each individual. It is highly recommended that a careful review of each performance appraisal be completed to ensure it is an accurate reflection of the level of performance and includes sufficient justification for a third party review by the Performance Review Board (PRB). Upon submission to the PRB, the performance appraisal and justification will be considered final and may not be modified or supplemented unless there are extenuating circumstances. Generally, performance rating, bonus, and pay adjustment decisions will not be appealable.

Please do not issue any final SES ratings prior to October 4, 2007. As you have been informed, I am hosting a meeting of departmental office heads on October 2, 2007, to compare and level set the standards for distribution of performance ratings across DOE. In addition, we will also begin discussions on assessment of all DOE SES talent to enhance utilization of this resource. Earlier this week, the Human Capital (HC) staff provided you the forms and format for the information needed for the meeting. The HC staff will pick up the completed form(s) on September 28.

If you have any questions on these changes, please contact either Sara Bonilla or Cathy Welsh at 202-586-1234.